

GOV AFFAIRS

GENERAL LEGISLATIVE MATTERS



President Bush 2006 Proposed Budget

On Monday, February 7th, President Bush released his budget proposal for fiscal year 2006, which begins October 1, 2005. The \$2.57 trillion budget projects a \$390 billion deficit in fiscal year 2006. In the area of transportation, the President supports a 6-year TEA-21 Reauthorization level of \$284 billion, an increase from the previously proposed level of \$256 billion. For 2005, the President proposes a \$57.5 billion investment in transportation activities down from the 2005 enacted level of \$58 billion. Under the Federal Highway Administration (FHWA), the proposed budget includes \$35.4 billion in new budget authority, and \$34.7 billion in obligation limitations for federal highway programs.

The President proposes \$7.78 billion for transit formula and discretionary programs for the Federal Transit Administration (FTA) and \$13.3 billion budget authority for the Federal Aviation Administration (FAA). While the President proposes \$552 million to support Federal Railroad Administration (FRA) programs, including \$360 million for Amtrak, there is no recommended funding to support Next Generation High-Speed Rail activities included in the proposed budget.

To maintain the Highway Trust Fund, the President proposes to extend highway user excise taxes on gasoline and other motor fuels as well as heavy vehicles and tires at current rates through 2011. Also, budget language would allow certain tax-exempt private activity bonds to be issued for highway projects and surface freight transfer facilities to encourage private sector investment in these projects. Under Transportation Planning Research and Development, the President recommends \$9.03 million to finance research activities and studies concerned with planning, analysis, and information development needed to support national transportation policy formulation.

Under the Department of Housing and Urban Development (HUD), the President proposes major reorganization of programs. Overall, the President proposes cutting the HUD budget by 14% from \$35.5 billion in FY05 to \$30.4 billion with an 11% decrease in discretionary budget authority from \$32.4 billion in the fiscal year 2005 budget to \$28.5 billion. The President proposes a reorganization of the Community Development Block Grant (CDBG) program, which entails moving Community Development Fund programs, including the CDBG, out of HUD and combining them with 17 other programs in the Commerce Department. The combined programs would receive proposed funding of \$3.7 billion, which would reflect a \$1.9 billion cut in community development funds.

The President proposes \$7.6 billion in discretionary budget authority for the Environmental Protection Agency, which is \$452 million less than fiscal year 2005. The President's budget outlines the main goals of the EPA for 2006 including Clean Air and Global Climate Change; Clean and Safe Water; Land Preservation and Restoration; Healthy Communities and Ecosystems; and Compliance and Environmental Stewardship. Finally, the President proposes \$3.0 billion for State and Tribal Assistance Grants which includes the Clean Water State Revolving Funds, the Drinking Water State Revolving Funds, \$309 million for making grants for the construction of drinking water, wastewater and storm water infrastructure and for water quality protection.

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LOBBYISTS' UPDATE

From the C2 Group

Chairman Don Young introduced H. R. 3, the new version of the Transportation Equity Act: A Legacy for Users (TEA-LU) on February 9th. A full committee markup is scheduled for March 2nd and floor action will happen sometime during the week of March 7th. The Senate will bring to the floor a bill funded at the same \$284 billion guaranteed funding level as the House. It is very likely, however, that lawmakers in the Senate will attempt to amend the bill and increase guaranteed funding.

In anticipation of the March 2nd markup and the Senate action, SCAG President, Ron Roberts led a delegation of elected and county transportation commission officials to Washington on February 16th and 17th to present the "Southern California Reauthorization Priorities". The priorities focused on maintaining core programs, creating projects of national significance, fund new starts and providing innovative financing methods to pay for necessary system improvements. The delegation met with members of the California Congressional delegation and key staff from the House Transportation and Infrastructure Committee and the Senate Banking Committee.

From Bauer Government Relations

This Legislative Session is beginning to heat up. Two issues dominate the transportation landscape in Sacramento at this time. The first issue is funding and protecting Proposition 42 funds, the second issue is design-build authority for project delivery.

To date, legislative efforts are being pursued by members of both parties to protect Proposition 42 funds. The Governor's proposed budget once again suspends Proposition 42 and redirects the over \$1 billion to the General Fund. The Governor's proposal also includes a fifteen-year payback of these "borrowed" funds. Under the Governor's proposal, Proposition 42 funds would be protected from fiscal year 2007-08 on. Bills are being introduced and action will likely take place in budget subcommittees to place Proposition 42 back in the budget. Constitutional amendments have also been introduced to protect Proposition 42. The legislative leadership in both houses has made this issue a priority.

In addition to protecting current transportation funding, efforts are underway to develop more cost effective project delivery methods to stretch the transportation dollars available. There is a tremendous amount of interest in this arena, on both sides of the aisle. Both the Governor and the Speaker of the Assembly have touted public-private partnerships as a method of project delivery. Legislation has been introduced to authorize design-build authority for transportation projects in the public sector. Design-build authority is the lynchpin of successful public-private partnerships and SCAG is actively engaged in these discussions to put these issues forward as solutions to California's transportation funding crisis.

